



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements Audit Report

Marysville Fire District

Snohomish County

For the period January 1, 2014 through December 31, 2014

Published October 29, 2015

Report No. 1015419





Washington State Auditor's Office

October 29, 2015

Board of Directors
Marysville Fire District
Marysville, Washington

Report on Financial Statements

Please find attached our report on Marysville Fire District's financial statements.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Marysville Fire District
Snohomish County
January 1, 2014 through December 31, 2014**

Board of Directors
Marysville Fire District
Marysville, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Marysville Fire District, Snohomish County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 9, 2015.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial

statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other

purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

October 9, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Marysville Fire District Snohomish County January 1, 2014 through December 31, 2014

Board of Directors
Marysville Fire District
Marysville, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Marysville Fire District, Snohomish County, Washington, for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 10.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, Marysville Fire District has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Marysville Fire District, for the year ended December 31, 2014, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Marysville Fire District, as of December 31, 2014, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

October 9, 2015

FINANCIAL SECTION

**Marysville Fire District
Snohomish County
January 1, 2014 through December 31, 2014**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2014
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SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2014

Marysville Fire District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2014

		Total for All Funds (Memo Only)	001 General	301 General
Beginning Cash and Investments				
30810	Reserved	-	-	-
30880	Unreserved	16,585,686	14,795,407	1,790,278
388 & 588	Prior Period Adjustments, Net	-	-	-
Operating Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	257,408	257,408	-
340	Charges for Goods and Services	14,597,526	14,577,803	19,722
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	130,694	118,516	12,178
Total Operating Revenues:		14,985,627	14,953,727	31,900
Operating Expenditures				
510	General Government	-	-	-
520	Public Safety	14,828,463	14,828,463	-
Total Operating Expenditures:		14,828,463	14,828,463	-
Net Operating Increase (Decrease):		157,164	125,264	31,900
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	12,469	12,469	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	500,000	-	500,000
Total Nonoperating Revenues:		512,469	12,469	500,000
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	1,042	1,042	-
591-593	Debt Service	-	-	-
594-595	Capital Expenditures	82,643	52,591	30,052
597	Transfers-Out	500,000	500,000	-
Total Nonoperating Expenditures:		583,685	553,633	30,052
Net Increase (Decrease) in Cash and Investments:		85,948	(415,900)	501,848
Ending Cash and Investments				
50810	Reserved	-	-	-
50880	Unreserved	16,671,634	14,379,507	2,292,127

The accompanying notes are an integral part of this statement.

Marysville Fire District
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 1 - Summary of Significant Accounting Policies

Marysville Fire District is an interlocal agency formed through a contractual agreement between Snohomish County Fire District 12 and the City of Marysville that provides fire protection and emergency medical services to the general public and is supported primarily through intergovernmental service revenues. The interlocal agency was ratified on January 1, 1992, and operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts.

The district reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law and as allowed by the county treasurer, the district also recognizes expenditures paid for a period not to exceed thirty days after the close of the of the fiscal year for claims incurred during the previous period.

C. Budgets

The district adopts annual appropriated budgets for Current Expense 001, Reserve/Capital 301, and Apparatus Replacement 302 funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense 001	\$16,152,835	\$15,381,748	\$771,087
Reserve/Capital 301	\$0	\$0	\$0
Apparatus Replacement 302	\$480,000	\$30,052	\$449,948

Budgeted amounts are authorized to be adjusted between the departments within any fund or object classes within a department; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the district's legislative body.

D. Cash and Investments

See Note 2, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation pay may be accumulated up to 500 hours and is payable upon separation or retirement. At December 31, 2014, the district's estimated liability for vacation pay was \$1,747,074.

Sick leave may accumulate up to 1040 hours for 40-hour per week employees, and 1440 hours for 24-hour shift employees. At retirement or separation from service, each employee with ten or more

years of fulltime service with the district shall be entitled to have his/her accumulated and unused sick leave cashed out at his/her current rate of pay in accordance with the schedule below:

<u>Years of Service</u>	<u>Cash Out</u>
10-19 years	15%
20-25 years	20%
25+ years	30%

Exception: (1) Any employee who passes away shall qualify for sick leave cash out at thirty percent (30%) of the total sick leave bank accumulated regardless of years of service and the said funds shall be distributed to the employee's beneficiary; (2) Employees that are terminated for cause shall not be entitled to the sick leave cash out benefit.

At December 31, 2014, the district's estimated liability for sick leave pay was \$ 514,036. Payments are recognized as expenditures when paid.

G. Risk Management

Self Insurance

The district self-insures as an individual program for unemployment compensation risk. Claims for unemployment are administered by the Washington State Employment Security Department and invoices are submitted to the district on a quarterly basis, if applicable. Total claims received and paid during the year ended December 31, 2014 was \$0. Unemployment claims are recorded in the Current Expense Fund 001.

Washington Cities Insurance Authority (WCIA)

The district is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or or jointly contracting for risk management services. WCIA has a total of 175 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall. An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA. Financial statements for WCIA may be obtained at www.wciapool.org.

Washington Fire Commissioners Association (WFCA)

The district participates, along with other member fire service organizations, in a health care program sponsored and managed by the Washington Fire Commissioners Association (WFCA). All participating members' medical, dental and life insurance premiums are deposited in the Association's Health Care Fund and actual program expenses (self-funded medical claims, insured premiums and administrative) are paid from the Fund. The WFCA Health Care Program carries stop loss insurance administered by the program's Third-Party-Administrator. Stop loss insurance limits any financial liability attributable to extraordinary medical or other self-funded claims expenses. Member organization financial exposure is limited to premiums paid to participate in the program. Financial statements for WFCA may be obtained at www.wfcabenefits.com.

Note 2 – Deposits and Investments

It is the district's policy to invest all temporary cash surpluses. The interest on these investments is received by various funds respectively.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the Snohomish County Treasurer as its agent in the district's name.

Investments are reported at original cost. Investments by type at December 31, 2014 are as follows:

<u>Type of Investment</u>	District's own Investments	Investments held by District as an agent for other local governments, individuals or private organizations	Balance
L.G.I.P.	\$ 1,294,418	-	\$ 1,294,418
S.C.I.P. (Snohomish County Investment Pool)	15,370,000	-	15,370,000
Total	<u>\$ 16,664,418</u>	<u>-</u>	<u>\$ 16,664,418</u>

Note 3 – Property Tax

The district does not have the statutory authority to levy or collect property taxes. However, the intergovernmental service revenues which fund the district are derived from property taxes collected by the City of Marysville and Snohomish County Fire Protection District No. 12.

Note 4 - Pension Plans

Substantially all of the district's full-time and qualifying part-time employees participate in LEOFF I, LEOFF II, PERS II, or PERS III administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the district's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Note 5 - Other Disclosures

Marysville Fire District Interlocal Agreement (Joint Cooperative)

Effective January 1, 1992, Snohomish County Fire District 12 entered into an interlocal agreement with the City of Marysville to create the Marysville Fire District, an interlocal agency which operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts. Marysville Fire District is governed by a six member Board of Directors consisting of three Fire District 12 Commissioners and three appointed City of Marysville Council members. All property taxes levied by Fire District 12 are disbursed to Marysville Fire District in equal monthly installments. Financial contribution by the City of Marysville is an amount equal to the Regular and EMS Levy rates for property taxes assessed by Fire District 12 multiplied by the total assessed value of taxable properties located within the City limits, including new construction and utilities, calculated on the same basis as Fire

District 12. This contribution is paid to Marysville Fire District in equal monthly installments. Financial contribution for year ended December 31, 2014 is as follows:

Agency	Contribution
Snohomish County Fire District 12	\$ 2,900,448
City of Marysville	\$ 9,224,313
Total	<u>\$ 12,124,761</u>

Joint Venture

The district and other Police and Fire entities (currently 37) operate jointly the Snohomish County Police Staff and Auxiliary Services Center, (SNOPAC). SNOPAC, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, the cities, towns, fire districts, police districts and other service districts to enter into a contract and agreement to jointly establish, maintain and operate a support communications center. Control of SNOPAC is with an 11 member Board of Directors which is specified in the Interlocal Agreement. SNOPAC takes 911 calls, and performs emergency dispatch services for local governmental agencies including police, fire and medical aid.

In the event of the dissolution of SNOPAC, any money in the possession of SNOPAC or the Board of Directors after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties to this Agreement in proportion to their contribution during the fiscal year of dissolution. Before deducting the payment of all costs, expenses and charges validly incurred, the District's share was \$ 1,046,917 on December 31, 2014.

Complete financial statements for SNOPAC can be obtained from SNOPAC's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

Additional Bank Accounts

- **Deposit In Transit Account**

The district holds a Bank of America checking account to facilitate timely deposits in accordance with RCW 43.09.240. All deposits into this account are transferred to the Snohomish County Treasurer within 24 hours of the deposit (or the next business day for holidays and weekends) and appropriated into the respective district funds. A balance of approximately \$300 is maintained to accommodate account fees and supply charges. The reconciled balance of this account as of December 31, 2014, is \$116. This amount has been accounted for in Current Expense Fund 001.

- **Petty Cash and Travel Accounts**

The district holds two separate Union Bank checking accounts for Petty Cash and Travel purposes with a combined maximum balance of \$4,000. The reconciled balance of both accounts as of December 31, 2014, is \$3,498. This amount has been accounted for in Current Expense Fund 001.

- **Ambulance Billing Account**

The district holds a Bank of America checking account for the weekly deposit of ambulance billing revenues collected by our contracted medical billing agency, Systems Design West, LLC. This agency is only granted depository authority to the above noted account. Each month the district withdraws all funds in excess of \$3,600 and deposits them into Fund 001. The reconciled balance of this account as of December 31, 2014, is \$3,600. This amount has been accounted for in Current Expense Fund 001.

OPEB

The district has a commitment to pay for post employment benefits for employees that belong to LEOFF 1. These benefits include insurance premiums and uninsured claim liabilities for medical, dental, vision, and long term (nursing) care. Three (3) retirees received benefits during the year and \$66,272 was paid out for those benefits during the year ended December 31, 2014. Also included in that amount is the long term care insurance premium for one (1) active LEOFF 1 member. The active LEOFF 1 member is retiring as of March 31, 2015.

Extraordinary Events

The district responded to and participated in disaster search and rescue efforts for the Highway 530 Landslide occurring on March 22, 2014. A fee for services rendered during the time period between March 22, 2014 - April 28, 2014 was received from the Snohomish County Department of Emergency Management in the amount of \$114,177. This service fee was a direct reimbursement for qualifying personnel and apparatus expenditures utilized for the disaster. Snohomish County Department of Emergency Management utilized 100% entity funding to pay for these services; no federal grant dollars were passed through to the district. This activity was recorded in Current Expense Fund 001.

Subsequent Event / Related Party Transaction

On March 16, 2015, the district contracted with Total Home Construction to repair a major plumbing failure at our Fire Station 63 location; the total project cost is estimated at approximately \$20,000. Prior to awarding this project, the district performed due diligence in attempting to locate a contractor willing to perform the necessary work in its entirety. Three quotes were obtained and the lowest bid awarded. The contracted vendor is owned by the spouse of a district employee; however the employee is not an elected or appointed official of the district or a member of executive management or a relative of such.

Marysville Fire District
Schedule of Liabilities
For the Year Ended December 31, 2014

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
259.11	Compensated Absences - GO		2,057,889	203,222	-	2,261,111
Total General Obligations:			2,057,889	203,222	-	2,261,111
Total Liabilities:			2,057,889	203,222	-	2,261,111

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov